

AMENDED IN SENATE APRIL 20, 2005

SENATE BILL

No. 234

Introduced by Senator Runner

February 15, 2005

An act to ~~amend Section 19545 of~~ add Section 19571 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 234, as amended, Runner. ~~Income tax returns: disclosure. Taxpayer information: disclosure.~~

The Personal Income Tax Law and the Bank and Corporation Tax Law impose taxes on, or measured by, income. Existing law allows a tax return or return information filed under those laws to be disclosed in a judicial or administrative proceeding pertaining to tax administration under certain circumstances.

~~This bill would limit the disclosure of tax returns or return information, filed under these laws, to those portions of the return or the return information that are at issue in an administrative proceeding of the State Board of Equalization.~~

This bill would prohibit an officer or employee of the State Board of Equalization or the Franchise Tax Board from releasing to the general public personal or financial information of a taxpayer unless a court of competent jurisdiction has authorized that disclosure based on a finding that a compelling interest would be served by that disclosure. This bill would also provide an exception to this general prohibition by authorizing an officer or employee of the State Board of Equalization to disclose personal or financial information of a taxpayer to the general public if that information is directly related to matters at issue before that board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*

3 *(a) The Franchise Tax Board and the State Board of*
4 *Equalization possess private information that is submitted by*
5 *taxpayers.*

6 *(b) Protecting the privacy of taxpayers' personal and financial*
7 *information is inviolate and a necessary function of the state.*

8 *(c) The purpose of this act is to protect taxpayer privacy.*

9 *SEC. 2. Section 19571 is added to the Revenue and Taxation*
10 *Code, to read:*

11 *19571. (a) Except as otherwise provided in subdivision (b),*
12 *an officer or employee of the State Board of Equalization or the*
13 *Franchise Tax Board shall not release to the general public*
14 *personal or financial information of a taxpayer unless a court of*
15 *competent jurisdiction has authorized that disclosure based on a*
16 *finding that a compelling interest would be served by that*
17 *disclosure.*

18 *(b) An officer or employee of the State Board of Equalization*
19 *may disclose personal or financial information of a taxpayer to*
20 *the general public if that information is directly related to*
21 *matters at issue before that board.*

22 ~~*SECTION 1. Section 19545 of the Revenue and Taxation*~~
23 ~~*Code is amended to read:*~~

24 ~~*19545. A return or return information, but only to the extent*~~
25 ~~*that the return or the return information is necessary for the*~~
26 ~~*resolution of the issues that are pending before the State Board of*~~
27 ~~*Equalization, may be disclosed in an administrative proceeding*~~
28 ~~*of the State Board of Equalization if any of the following apply:*~~

29 ~~*(a) The taxpayer is a party to the proceeding, or the proceeding*~~
30 ~~*arose out of, or in connection with, determining the taxpayer's*~~
31 ~~*civil or criminal liability, or the collection of the taxpayer's civil*~~
32 ~~*liability with respect to any tax imposed under this part.*~~

33 ~~*(b) The treatment of an item reflected on the return is directly*~~
34 ~~*related to the resolution of an issue in the proceeding.*~~

1 ~~(e) The return or return information directly relates to a~~
2 ~~transactional relationship between a person who is a party to the~~
3 ~~proceeding and the taxpayer which directly affects the resolution~~
4 ~~of an issue in the proceeding.~~

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